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FISCAL IMPACT STATEMENT

LS 6709

BILL NUMBER: HB 1125

NOTE PREPARED: Jan 31, 2005

BILL AMENDED: Jan 31, 2005

SUBJECT: Eligibility for Public Assistance.

FIRST AUTHOR: Rep. Foley

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that an individual convicted of a felony involving a controlled substance who has completed or is participating in a substance abuse treatment program certified by the Division of Mental Health and Addiction or operated by the federal government may receive assistance under the federal Temporary Assistance for Needy Families (TANF) program.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) Current statute provides that an individual convicted of an offense relating to controlled substances is ineligible to receive assistance under the TANF Program. The sanction provided under the TANF Program is for ten years if convicted of a felony. This bill eliminates the sanction. The cost to the state of providing TANF cash assistance to these individuals is estimated to be at least \$760,000 for FY 2006 and \$950,000 for FY 2007. [Note: There could be a related reduction of expenditures in the local Poor Relief programs to the extent that TANF cash assistance substitutes for local assistance. See *Explanation of Local Expenditures*, below.]

The number of individuals who were either denied or lost TANF eligibility due to a felony drug conviction was 128 in FY 2002, 183 in FY 2003, and 259 in FY 2004. The additional expenditures and the affected population are cumulative, in that all individuals previously sanctioned for felony offenses in prior years would no longer be under the sanction with implementation of the bill. Although the historical data represents a growth rate of about 42% per year, the estimated cost provided above is based on 259 annual felony convictions for future years, because it isn't known how many of these previously sanctioned individuals would still be associated with the TANF assistance unit or whether the assistance unit was even still eligible for the cash grant. The

amount of cash assistance associated with one member of the TANF assistance unit can be \$58.50 or \$90 monthly, depending on family size. Eligibility for the Medicaid Program is not affected by these sanctions.

The requirement that the individual must either complete or be participating in a substance abuse treatment program certified by the Division of Mental Health and Addiction (DMHA) or operated by the federal government may reduce the estimated expenditures somewhat because the substance abuse treatment programs currently offered through the Department of Correction are not certified by the DMHA.

Background on Funding Under the TANF Program - TANF assistance is shared between state and federal governments. However, the federal share is provided through a capped block grant allocation with a state maintenance-of-effort (MOE) requirement. The additional expenditures required under this bill would not affect the block grant allocation received by Indiana.

TANF block grant allocations are determined on a formula basis with increased flexibility for their use by the states over what was permitted under the prior Aid to Families with Dependent Children Program. States may use TANF funds in any “manner reasonably calculated to accomplish the purpose of TANF. TANF services can include a monthly cash assistance grant, eligibility for the Medicaid Program, and access to other programs and services designed to help recipients achieve economic self-sufficiency.

The maximum monthly cash grant as provided in statute is \$139 for a family size of one, \$229 for a family size of two, and an additional \$58.50 for each additional person. Cash assistance is limited to 24 months for parents and caretakers, and a 60-month limit on assistance exists for the entire assistance group.

Explanation of State Revenues:

Explanation of Local Expenditures: An increase in TANF cash assistance paid to individuals who would no longer be sanctioned from the program could lead to a corresponding reduction in assistance paid to these individuals by locally funded Poor Relief programs.

Currently, if an individual is sanctioned from the TANF Program because of a drug conviction, township trustees are under no obligation to extend Poor Relief assistance to the individual. This bill, however, eliminates the TANF sanction from statute. While Poor Relief programs are operated out of the 1,008 townships, the programs are administered under uniform standards. However, each program can differ with respect to income eligibility standards and benefit levels. The eligibility standards and benefit levels, by statute, must be consistent with the reasonable costs of basic necessities in the trustee's particular township. Poor Relief programs are funded through local revenues.

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected: Townships.

Information Sources: Annette Biesecker, Legislative Director for FSSA, (317) 232-1149; Steve Buschman, Buschman, Griffith, and Voelkel, (317) 686-4773; Jerry Vance, Department of Correction, (317) 232-1593.

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